

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7066**

**BILL NUMBER:** SB 307

**NOTE PREPARED:** Feb 10, 2005

**BILL AMENDED:**

**SUBJECT:** Budget and levy review in Marion County.

**FIRST AUTHOR:** Sen. Young R Michael

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** X GENERAL  
X DEDICATED  
FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** This bill provides that the general law concerning approval of budgets and tax levies of appointed boards does not apply to certain entities in Marion County that are covered by another statute. This bill requires the City-County Council in Marion County to review the proposed operating and maintenance budgets and tax levies of certain entities and to adopt final operating and maintenance budgets and tax levies for those entities. The bill authorizes the City-County Council to reduce or modify but not increase an entity's proposed operating and maintenance budget or tax levy. The bill prohibits the City-county Council from reducing or modifying an entity's budget or tax levy in a manner that would impair the rights of bondholders.

**Effective Date:** July 1, 2005.

**Explanation of State Expenditures:** The proposal provides that the Indianapolis-Marion County City-County Council must review and may reduce or modify but not increase a proposed operating and maintenance budget or tax levy for an airport authority, a health and hospital corporation, a public library, a capital improvement board of managers, and a public transportation corporation. As a result, state expenditures for property tax replacement credits (PTRC) and the state homestead credit payments could decrease to the extent that a limit or decrease in a local levy decreases PTRC and the state homestead credit payments made from the Property Tax Replacement Fund (PTRF). The PTRF is annually supplemented by the state General Fund.

The bill also prohibits the City-County Council from reducing or modifying an entity's budget or tax levy in a manner that would impair the rights of bondholders. This provision suggests that the Council could modify an entity's levy if it would not impair the rights of bondholders. This provision, however, will not have an impact on state PTRC because the state only pays PTRC on levies to debts initially incurred before December

31, 1983.

**Explanation of State Revenues:**

**Explanation of Local Expenditures:** Under this proposal, the City-County Council must review and adopt certain operating and maintenance budgets and tax levies, which would add additional levels of oversight in property tax rate matters in Marion County. This provision will result in additional administrative expenditures for the Council and the local units involved. The specific impact, however, is indeterminable.

**Explanation of Local Revenues:** The City-County Council may reduce or modify but not increase a proposed operating and maintenance budget or tax levy for certain local levies within Marion County. This provision could limit or decrease the amount of revenue that would be generated by local units.

**State Agencies Affected:** Department of Local Government Finance.

**Local Agencies Affected:** Indianapolis-Marion County City-County Council, Airport Authority, Health and Hospital Corporation, Public Library, Capital Improvement Board of Managers, and Public Transportation Corporation.

**Information Sources:**

**Fiscal Analyst:** Bernadette Bartlett, 317-232-9586.